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PMLEGISLATIVE ANALYSISBill No. H.R. 1846

Report No. \_\_\_\_\_

Companion No. \_\_\_\_\_

Title: noneSubject: public financial disclosureAmends. freestanding

Contacts: \_\_\_\_\_

Conclusion: X/ No Agency objection IN ITS CURRENT FORM/ Agency objection and/or needs amendment

Analysis: This bill would require all recipients of federal funds to permit the public to inspect their books, subject to certain exceptions.

There is an exception, however, as regards matters which are classified - Section 2 (1). On this basis, the Agency would not object to the bill.

I will monitor the bill to insure that this exception remains in the bill as it moves along. Based on the lack of sponsors and the fact that it is very generally drawn, I doubt that it has a chance of seeing any real action.

(name)

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15 MAR 1983

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98TH CONGRESS  
1ST SESSION

# H. R. 1846

To require public disclosure by certain recipients of Federal funds of information required to be kept by such recipients as a condition of receiving such funds.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 2, 1983

Mr. YOUNG of Florida introduced the following bill; which was referred to the Committee on Government Operations

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## A BILL

To require public disclosure by certain recipients of Federal funds of information required to be kept by such recipients as a condition of receiving such funds.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That, except as provided in section 2, the recipient of Federal  
4       funds, either by grant or other similar program, which are to  
5       be expended other than for the personal use of such recipient,  
6       shall permit any member of the public to make a reasonable  
7       inspection of any records pertaining to the disbursement of  
8       such funds which the recipient is required to keep by the  
9       terms of the grant or by the program through which those  
10      funds were made available.

1       SEC. 2. This Act shall not apply to matters that are—

2              (1) specifically required by Executive order to be  
3              kept secret in the interest of national defense or foreign  
4              policy;

5              (2) related solely to the internal personnel rules  
6              and practices of a recipient organization;

7              (3) specifically exempted from disclosure by  
8              statute;

9              (4) trade secrets and commercial or financial in-  
10             formation obtained from a person and privileged or  
11             confidential;

12             (5) memorandums or letters which would not be  
13             available by law to a party other than the recipient in  
14             litigation with the recipient;

15             (6) personnel and medical files and similar files  
16             the disclosure of which would constitute a clearly un-  
17             warranted invasion of personal privacy; and

18             (7) geological or geophysical information, includ-  
19             ing maps, concerning wells.

20        SEC. 3. Whenever the Federal agency or entity charged  
21        with administering a grant or program involving the Federal  
22        funds to which the first section of this Act applies determines,  
23        upon complaint from a member of the public and on the  
24        record after opportunity for a hearing, that a recipient of such  
25        funds has failed to comply with the requirement of such sec-

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- 1 tion with respect to the complainant, such recipient shall not
- 2 receive any such funds or any other funds under such grant
- 3 or program.

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**HR 1846 IH**

PS

March 2, 1983

## CONGRESSIONAL RECORD — Extensions of Remarks

E 739

Many businessowners and homeowners were outraged to learn that they were ineligible for low-interest Federal loans because they had maintained good credit standing. Instead of loans at 8 percent, they were offered Federal assistance at the prime rate of 16 percent. Many of these residents felt cheated by promises of Federal assistance and punished by having remained creditworthy.

At Senator **Craig Donn's** and my request, the General Accounting Office conducted a study that in part examined the effectiveness of the credit elsewhere test. Of the 1,163 loan applications approved by the Small Business Administration, 34 percent—329 home loans and 39 business loans—were at the high rate. Because of this higher rate, the GAO estimated that the test would save \$224,000 during the first year. This savings represents less than 2 percent of the total amount loaned to businesses and individuals in Connecticut.

The savings to the Federal Government are further reduced after taking into account the fact that interest payments may be deducted from Federal income tax. In addition, the GAO calculated that it took the SBA staff an additional 368 hours to process the 1,100 applications using the credit elsewhere test.

I do not believe that these projected savings justify the credit elsewhere test. My bill would repeal the test and require that the interest rate charged for disaster loans be set at one-half of the market rate of Government securities, plus 1 percent for administrative costs. A cap would be placed at 8 percent for both home and business loans.

This legislation would prevent the problems we experienced in Connecticut from occurring in other States and provide more equitable assistance to all victims of natural disasters. I urge my colleagues to support this measure. •

**THEY MAY BE RIGHT****HON. BOB LIVINGSTON**

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 2, 1983

• Mr. LIVINGSTON. Mr. Speaker, contrary to claims by its opponents, the Economic Recovery Tax Act of 1981 has led to payment of more, not less, taxes by Americans in the highest tax brackets. If there was ever any serious doubt about the fairness of the President's 25-percent cut in tax rates for every single taxpayer, there should be none now. By the same token, the recent tax revenue figures confirm that the tax cuts can help solve the problem of budget deficits, as reduced tax rates encourage upper bracket taxpayers to invest in productive enterprises, not tax shelters.

I would like to draw my colleagues' attention to the recent article analyz-

ing the fiscal 1982 revenue statistics, and I ask unanimous consent that it be printed in the Record.

The article follows:

(From *Forbes Magazine*, Feb. 14, 1983)  
FACT AND COMMENT II—THEY MAY BE RIGHT

By M. S. Forbes Jr., Deputy Editor-in-Chief

Two years ago supply-side economists assured us that cuts in income tax rates would pay for themselves. Collections from the highest brackets would go up at once, and revenues from the other brackets would increase within 24 months. These economists cited the Mellon tax reductions of the 1920's and the Kennedy cuts of the early 1960's; in both cases revenues increased and the proportion paid by the top brackets rose substantially.

Events seem to have proven the supply-siders wrong.

Or have they?

People who must make estimated income tax payments each quarter to the IRS are generally in the higher brackets. David Stockman's Budget Office estimated that collections from this category of taxpayers would fall from \$77 billion in fiscal 1981 to about \$72 billion in 1982. The Reagan tax-cut bill of 1981 had just been passed, and the top tax rate was being slashed from 70 percent to 50 percent.

The fiscal 1982 results are in. The take from this category was \$65 billion, 16 percent more than the year before. The proportion of U.S. income tax payments from this group was 29 percent, up from 27 percent.

If the tax reductions enacted in 1981 had been made effective at once (only the maximum rate was brought down in one step), instead of being staggered over 2½ years, David Stockman's revenues would have been better. British Prime Minister Margaret Thatcher put in smaller, but immediate, income tax reductions in 1979, and Britain's income tax revenues, despite a recession more painful than our own, went up, confounding treasury officials.

Too bad the Administration has forgotten that, if you let people keep a little more of each additional dollar they earn, everyone, including the tax collector, comes out ahead.

**GOVERNMENT REFORM  
LEGISLATION INTRODUCED****HON. C. W. BILL YOUNG**

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 2, 1983

• Mr. YOUNG of Florida. Mr. Speaker, since the birth of our Nation, the success of our democracy has depended on the ability of the Federal Government to respond to the needs of its people. Unfortunately, as the Nation's population has grown, so has the size and bureaucracy of its Government. We must never lose sight of the kind of government envisioned by our forefathers—one operated by its citizenry and attuned to their needs. In an effort to promote those goals, I am introducing legislation aimed at making the Government more responsive.

The first measure will guarantee the public's right to know how its money is being spent. By closing a loophole in the Freedom of Information Act, this legislation would require public disclo-

sure by recipients of Federal grants as well as Federal agencies. The American people provide the funds to run our Government, and I believe they are entitled to a full accounting of how those funds are spent.

Two additional bills I am introducing would allow a one-House veto of rules and regulations established by Federal agencies. They would mandate 4 weeks' notice before holding hearings on new regulations and a 90-day comment period on proposed rule. Increasingly, Congress has passed legislation which delegates broad regulatory powers to the Federal agencies responsible for administering the laws. This, of course, leads to government by executive decision rather than by representative assembly. My proposal would mean an increased opportunity for many Americans to organize effective responses to the seeming flood of Federal regulations.

Finally, I am also introducing legislation requiring the Federal Government to make public annual consolidated financial statements using the accrual method of accounting. Currently, the Federal Government has no precise idea how it stands financially because it does not compile consolidated financial statements. This bill would establish an accurate annual accounting of our financial situation and allow us to intelligently establish funding priorities.

We need to continue to improve our Government and work together to solve its problems. I urge my congressional colleagues to join me in supporting these legislative proposals in the 96th Congress so that the Government can operate more effectively and continue to respond to the people it serves. •

**FEDERAL BUDGET AND ITS DEFICITS****HON. PHILIP M. CRANE**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 2, 1983

• Mr. PHILIP M. CRANE. Mr. Speaker, the current topical discussion of the Federal budget and its deficits has led to whispers about tax increases. Tax indexing—the linking of income-tax rate brackets and the personal exemption to the cost of living—is being targeted for repeal. I introduced the first tax indexing bill in the House of Representatives on May 12, 1974—H.R. 1472, the Cost of Living Adjustment Act, and every year since then I have reintroduced the measure. In 1981 indexing was part of our economic recovery plan. Its enactment is critical to the overall success of the President's program.

Tax-indexing provisions constitute genuine and fundamental reform of our Tax Code. They are the only enduring parts of the Internal Revenue